

5 May 1955

Dear Sam:

Enclosed herewith for your review is a basic contract form, with Schedule, Appendix I, and Exhibit I formats.

In view of the uncertainty introduced by the increased prices in your quote of April 25, 1955, the Price Redetermination clause has not been completed in the Schedule. On the basis of this quote we cannot agree to an incentive type redetermination clause and suggest for your consideration the use of a Form III or Form IV clause with the establishment of a reasonable maximum price in the case of the Form III, or the establishment of an agreeable target price in the case of the Form IV with provision for upward escalation in the event of unforeseen contingencies.

Appendix I cannot, of course, be completed at the present time since the over-all scope of work to be included in the contract is not settled.

Your quote of April 25, 1955, with inclusion of items (G & A, profit, project coordination services, and incentive features) attributable to your administration of the subcontract at a total expense to us in an amount much greater than we deem appropriate very strongly suggests the possibility, if not necessity, for our contracting separately with you for your phase of the work and separately with the subcontractor for his phase of the work. In such event we would consider the inclusion in your phase of the work of a cost item (or fixed sum) for your providing coordination of the technical activities of the two contracts, if such services are required. We would handle the administrative aspects of both contracts ourselves.

Again with reference to any revision you may contemplate with respect to your most recent quote we should like to have the following items set forth individually rather than lumped with other categories:

- a. Labor
- b. Overhead applicable to labor (rate or rates and amount)
- c. Material (and purchased components)
- d. Tooling

CONTAINS SENSITIVE  
COMPARABLE INFORMATION

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- e. Subcontracts - (May include sub's labor, material, overhead, profit, etc. - Subcontracts here does not include purchase orders for material)
- f. Consulting services
- g. Other
- h. G & A and selling expense (indicate percentage for each)
- i. Profit

With respect to your overhead, G & A and selling expense accounts we should like to have your most recent Department of Defense determinations in this regard in the detail which is customary for review of these items.

I would appreciate your views on the above comments and on the appropriateness of the attached form to serve as a contractual mechanism for a separate contract for your work alone or for the combined phases of work. Another possibility is a cost type contract for your phase of the work, provided a mutually agreeable estimated cost and fixed fee can be negotiated. Perhaps we can exchange views by phone on the possibilities before arrangements of our next meeting so that such meeting may be conclusive as to the final negotiations. In any event, a completely revised proposal clarifying the entire cost aspects of your April 25, 1955 proposal appears appropriate before additional time and effort is expended on another meeting.

Very truly yours,

Geo.

GFK/lb

Dist. Ø - P & E  
1 - Master file  
1 - Service file  
1 - Chrono

NEGOTIATED CONTRACT		Contract No. <i>SC-21-54</i>
The Perkin-Elmer Corporation Main Avenue Norwalk, Connecticut		
Contract for: Contract Work (see Schedule)		Amount: <i>\$5,085,000</i>
Mail Invoices to:	Performance Period / Delivery Schedule:	
	Inspection Point:	
Administrative Data:		
<p>This contract is entered into, by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the above-named Contractor which is a Corporation, incorporated in the State of New York, hereinafter called the Contractor.</p> <p>The parties hereto agree that the Contractor shall furnish the facilities and deliver all supplies and perform all the services set forth in the attached schedule issued hereunder, for the consideration stated therein.</p> <p>The rights and obligations of the parties to this contract shall be subject to and governed by the attached schedule and General Provisions. In the event of any inconsistency between the schedule and the General Provisions, the schedule shall control.</p> <p>IN WITNESS WHEREOF, the parties hereto have executed this contract as of <u><i>5 May</i></u>, 1955.</p>		
Signatures:		
The Perkin-Elmer Corporation By <span style="border: 1px solid black; display: inline-block; width: 150px; height: 20px;"></span> (Title) <i>Pres.</i>		The United States of America By <span style="border: 1px solid black; display: inline-block; width: 150px; height: 20px;"></span> <i>J</i> Contracting Officer

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## **SCHEDULE**

### **SECTION A - PRICE AND PAYMENTS**

In consideration of the Contractor's performance of the contract work, the total price of this contract, subject to the provisions of the section of this Schedule entitled "Price Redetermination," is the price set forth in the attached Appendix I, such Appendix I being a part of the Schedule under this contract. Payments under this contract shall be made in accordance with the applicable payment clause of the General Provisions.

### **SECTION B - CONTRACT WORK**

The listing of articles and services to be furnished by the Contractor to the Government and a description of the contract items and specifications in connection therewith are contained in Appendix I hereto. The aforementioned listing, as from time to time revised pursuant to the Changes clause of the General Provisions, shall constitute the contract work to be performed hereunder by the Contractor.

### **SECTION C - DELIVERY**

The Contractor shall perform the services and shall deliver to the Government the articles and items stipulated herein as soon as is practicable, with due attention to the schedule of deliveries as set forth in Appendix I hereto. Whenever the Contractor shall determine that the schedule of deliveries set forth in Appendix I cannot be met due to circumstances beyond the control of the Contractor, or for other good and valid reasons, the Contractor shall immediately so notify the Contracting Officer in order that action appropriate to the circumstances may be taken.

### **SECTION D - REPORTS**

Reports to be furnished by the Contractor to the Government in connection with the contract work are as follows:

1. Interim Reports:

(a) Technical Progress Reports

A brief monthly report indicating the state of the research, development and production called for by this contract as of the end of each calendar month; and a monthly projection, in chart form, of the anticipated dates of completion and delivery of the end items called for by this contract.

(b) Fiscal Progress Reports

A monthly summary statement of costs incurred under this contract, in such reasonable detail as may be required by the Contracting Officer, with a reconciliation of billings submitted and payments received under this contract. In addition, a monthly projection, in chart form, indicating a comparison of actual expenditures under this contract with the amount and rate of expenditures contemplated at the time of negotiation of the contract price and the establishment of delivery dates.

2. Final Reports:

(a) Final Technical Report

A final technical report upon completion of the contract work summarizing the technical and engineering aspects of the work, including (i) the submission of such final drawings, specifications, diagrams, descriptions, etc., as are deemed pertinent or necessary in connection with the evaluation and utilization of the end items delivered, (ii) any other pertinent information in connection with the research on and the development, production, testing and evaluation of the items produced and delivered hereunder, and (iii) such maintenance, training and similar manuals or handbooks required in connection with the use, servicing, upkeep of the end items delivered or required for training purposes.

**(b) Final Fiscal Report**

A final fiscal report in accordance with the requirements of the section of this Schedule entitled "Price Redetermination."

**3. Other Reports:**

Such other reports as are required from time to time or required prior to final payment hereunder by the General Provisions of this contract, by other sections of this Schedule, or by Appendices or Exhibits which are a part of this Schedule.

**SECTION E - WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS**

Notwithstanding the requirements of any of the General Provisions of this contract to the contrary, whensoever the Contractor, in performance of the work under this contract, shall find that the requirements of any of the clauses of the General Provisions are in conflict with security instructions issued to the Contractor by the Contracting Officer or by his duly authorized representative for security matters, the Contractor shall call the attention of the Contracting Officer to such conflict and the Contracting Officer or his duly authorized representative for security matters shall (i) modify or rescind such security requirements or (ii) the Contracting Officer shall issue to the Contractor a waiver of compliance with the requirements of the General Provisions conflicting with such security requirements. Any waiver of compliance with the General Provisions of this contract issued by the Contracting Officer shall be in writing, except that the approval by the Contracting Officer of any subcontract issued hereunder by the Contractor shall be deemed to constitute approval of waiver of any clauses of the General Provisions in conflict with the stipulations of such subcontract.

**SECTION F - SPECIAL SECURITY RESTRICTIONS**

The Contractor shall not reveal (i) the specific nature or any details of the work being performed hereunder or (ii) any information whatsoever with respect to the department of the Government sponsoring this contract and the work thereunder except as the Contractor is directed or permitted to reveal such information by the Contracting Officer or by his duly authorized representative for security matters,



and notwithstanding any clause or section of this contract to the contrary. The Contractor shall not interpret any clause or section of this contract as requiring or permitting divulgence of such information to any person, public or private, or to any officer or department of the Government without the express consent of the Contracting Officer or his duly authorized representative for security matters.

#### **SECTION G - LETTER CONTRACT SUPERSEDED**

This is the Definitive Contract contemplated by the Letter Contract issued by the Government to the Contractor under date of 5 January 1955, and supersedes said Letter Contract. Work performed and payments made under said Letter Contract shall be deemed to be work performed and payments made under this Definitive Contract. The date of the Letter Contract shall govern for the determination of the priority status of this Definitive Contract. In the event of conflict between this Definitive Contract and said Letter Contract, this Definitive Contract shall prevail.

#### **SECTION H - COLLATERAL COMMERCIAL CONTRACTUAL MECHANISMS**

The Government may, from time to time, for reasons of security, issue to the Contractor collateral commercial contractual documents, such as commercial forms of purchase orders, or other authorizing documents, and the Government may make payment hereunder in normal commercial manner, or may make other arrangements with the Contractor utilizing standard commercial mechanisms, with appropriate notations to identify this contract with such collateral commercial contractual mechanisms. The Government warrants that any such commercial mechanisms issued to the Contractor will be within the scope of this contract and expenditures, obligations or commitments incurred by the Contractor by reason of such commercial mechanisms will be considered expenditures, obligations or commitments under this contract. The Contractor shall not identify such commercial mechanisms with this contract in its records or files and shall follow the instructions of the Contracting Officer or his duly authorized representative for security matters with respect to maintaining the individuality of the collateral commercial contractual mechanisms and the individuality of this contract.

## **SECTION I - GOVERNMENT-FURNISHED PROPERTY LISTINGS**

In accordance with the clause of the General Provisions entitled "Government-Furnished Property," the Government may from time to time furnish to the Contractor various items of equipment for use in performance of this contract. Exhibit I hereto is a part of this Schedule and consists of a listing of Government-furnished property, equipment, supplies, or other material (i) furnished by the Government to the Contractor, (ii) returned by the Contractor to the Government, or (iii) still in possession of the Contractor. The Contractor shall maintain such Exhibit I current and up to date and shall periodically submit to the Contracting Officer revisions of such Exhibit I to reflect the revised status of Government-furnished items in possession of the Contractor. The Contractor shall account for all such items furnished to the Contractor at the conclusion of this contract.

## **SECTION J - INSPECTION AND ACCEPTANCE**

Inspection and acceptance of the items contracted for under this contract shall be made by the Government at the Contractor's plant, Norwalk, Connecticut, with respect to any items fabricated and/or assembled and packed as individual or integral units at the Contractor's plant. With respect to items fabricated and/or assembled and packed as individual or integral units at subcontractors' plants, the point of inspection and acceptance shall be at the plant of such subcontractor.

## **SECTION K - PACKING OF ITEMS DELIVERED**

The items delivered under this contract shall be packed for domestic shipment in accordance with standard commercial practices, except as otherwise specified in Appendix I hereto.

## **SECTION L - PRICE REDETERMINATION**

1. Because of the experimental and developmental nature of the work called for by this contract and the great uncertainty as to the cost of performance hereunder, the parties agree that the contract price may be increased or decreased in accordance with the provisions of this clause.

2. The contract target price set forth in Appendix I for delivery of the items listed therein is \$5,085,000, and such target price is composed of contract target costs of \$4,745,000 and a total contract target profit of \$340,000. However, in consideration of the circumstances set forth in subsection 1, above, upon expenditure of 75 percent of the contract target cost of \$4,745,000, the parties hereto agree to examine the costs incurred and the costs expected to be incurred in completion of the contract work and to negotiate in good faith to revise the contract target cost, or to establish a reasonable maximum contract price, or both. ✓

3. As soon as practicable after expenditure of the funds referred to above, the Contractor shall furnish to the Contracting Officer a statement showing in such form and detail as the Contracting Officer may prescribe, the Contractor's incurred and expected-to-be-incurred costs of producing the supplies or furnishing the services called for hereunder, together with such information as may be pertinent in the negotiations for a revised contract target cost or a maximum contract price pursuant to this section. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system.

4. Upon the filing of the statement and other pertinent information required by subsection 3, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised total contract target cost, or a reasonable maximum contract price, or both, PROVIDED, HOWEVER, That no revision need be made in the contract target cost of \$4,745,000 if it is agreed that such contract target cost is reasonable in the light of circumstances at the time. Any revision of the contract target cost, or the establishment of a maximum contract price, shall be evidenced by an amendment to this contract.

5. Within 60 days after the completion or termination of this contract, the Contractor will file with the Contracting Officer a

statement showing, in such form and detail as the Contracting Officer may prescribe, the Contractor's cost of producing the supplies or furnishing the services called for hereunder, together with such other information as may be pertinent in the negotiations for a revised final contract price. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system. The Contracting Officer shall have the right at all reasonable times to make or cause to be made such examinations and audits of the Contractor's books, records, and accounts as he may request.

6. Upon the filing of the statement and other pertinent information required by subsection 5, above, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised price for the entire contract which, upon the basis of such statement and other pertinent information, will constitute fair and just compensation to the Contractor for the performance of this contract. The revised price shall be evidenced by an amendment to this contract. In determining the extent of any estimated allowance for profit to be taken into account in fixing such revised price, consideration shall be given to the agreed upon target profit of \$340,000 at a target cost of \$4,745,000 and the extent to which the Contractor has performed the contract with efficiency, economy and ingenuity. In the event that the Contractor's actual costs of producing the supplies or furnishing the services hereunder exceed \$4,745,000, consideration shall be given to reducing the Contractor's target profit of \$340,000 and, in the event such actual costs are less than \$4,745,000, consideration shall be given to increasing the Contractor's target profit of \$340,000.

7. If, within 60 days after the filing of the statement and the furnishing of the other pertinent information required by subsection 5, above, the parties shall fail to agree upon a revised final price in accordance with the provisions of this Section L, the failure to agree shall be deemed to be a disagreement as to a question of fact which shall be disposed of in accordance with the clause of the contract entitled "Disputes."

8. Pending any revision of the contract costs pursuant to the provisions of this Section L, the Contractor may bill and receive payment in accordance with the item prices stated in Appendix I, upon delivery of any article or completion of any service called for therein. If at any time it appears that the final item price of any particular item or items will be substantially greater or less than the item price

at which such items are being billed, this contract may be amended to adjust such item billing prices. The establishment of adjusted prices for billing purposes only shall in no way limit or affect the final price revision to be computed in accordance with the provisions of this Section L. In addition, the Contractor may bill for progress payments hereunder, in accordance with the clause of this contract entitled "Progress Payments," provided billings hereunder are specific as to items hereunder which are being billed on a billing price basis and items, or phases, which are being billed on a progress payment basis.

9. If the final revised contract price, as determined under subsection 6, above, is greater than the aggregate of billing prices for items subject to price revision, as such billing prices may have been revised from time to time, and provided the Contractor has met the other requirements of this contract, the Contractor shall promptly be paid the amount of such excess. If such final revised contract price is less than the aggregate of such billing prices, provisions shall be made for prompt reimbursement by the Contractor to the Government of the amount of such deficiency. The total amount so payable and the method of payment shall be set forth in an amendment to this contract.

10. For any purposes of the clause of this contract providing for termination at the option or convenience of the Government (including without limitation, computation of "the total contract price" and "the contract price of work not terminated"), the contract price shall be the revised contract price agreed upon under subsection 6, of this Section L, or determined under subsection 7, of this Section L, as the case may be.

11. The Contractor agrees to maintain books, records, documents, and other evidence pertaining to the costs and expenses of this contract, in accordance with generally accepted commercial accounting principles and practices, and to the extent and in detail as is necessary for establishment of costs applicable to items of this contract subject to price revision. The Contractor shall segregate the costs of any item, charge, or service, the price of which is fixed and not subject to revision in accordance with the provisions of this Section L.

**ACCEPTANCE**

**ACCEPTED FOR:**

**PERKIN-ELMER CORPORATION**

**By**

**Title**

*Secretary*

**Date**

*June 2, '75*

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**ACCEPTED FOR:**

**THE UNITED STATES OF AMERICA**

**By**

*0* **Contracting Officer**

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